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Attorneys for Plaintiff and Counterdefendant
Admiral Insurance Company

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

ADMIRAL INSURANCE COMPANY,
a Delaware corporation,

Plaintiff,

v.

J. DALE DEBBER; LORNA MARTIN;
DATA CONTROL CORPORATION;
ARISTOS ACADEMY; COMPLINE,
LLC; PROVIDENCE PUBLICATIONS,
LLC; REAL CONSULTING &
SOFTWARE DEVELOPMENT, LLC;
DEBBER FAMILY FOUNDATION;
VICKIE ALTMAN; and SCOTT
ALTMAN,

Defendants.

AND RELATED CROSS-ACTION

Case No. 2:05-CV-00343-FCD-PAN

**STIPULATION AND ORDER RE
FILING OF FIRST AMENDED
COMPLAINT**

**The Honorable Frank C. Damrell,
Jr.**

WHEREAS, on February 22, 2005, plaintiff Admiral Insurance Company ("Admiral") filed a Complaint in the instant action ("Admiral Action") to rescind two (2) Employment Practices Liability Insurance policies issued to Data Control Corporation ("DCC") for the policy periods December 13, 2002 to December 13, 2003 and December 13, 2003 to December 13, 2004 bearing, respectively, Policy

Nos. 4343312/1 and 4343312/2 (collectively “Admiral Policies”);

WHEREAS, in its Complaint in the Admiral Action, Admiral contends that it is entitled to rescind the Admiral Policies on the grounds that the applications submitted by DCC for the Admiral Policies failed to disclose two (2) prior lawsuits for sexual harassment against DCC and its Chief Executive Officer;

WHEREAS, in its Complaint in the Admiral Action Admiral asserted a claim for reimbursement for fees and costs incurred by Admiral for the defense of claims asserted by Vickie Altman, a former DCC employee, and her husband (collectively “Altmans”) against DCC and certain other parties (“DCC Parties”) for, among other things, sexual harassment in the action *Vickie Altman, et al. v. J. Dale Debber, et al.*, Nevada County Superior Court Case No. 69850 (“Altman Action”) filed on May 11, 2004;

WHEREAS, on May 28, 2004, Admiral agreed to defend the Altman Action subject to a full and complete reservation of rights;

WHEREAS, on August 23, 2004, the Altman Action was compelled to arbitration (“Arbitration”) by the DCC Parties;

WHEREAS, on June 29, 2005, the DCC Parties filed in the Admiral Action an Answer to the Complaint and a Counterclaim for breach of contract, breach of the implied covenant of good faith and fair dealing, promissory fraud and declaratory relief;

WHEREAS, the DCC Parties deny that Admiral is entitled to rescind the Admiral Policies or obtain any reimbursement from the DCC Parties regarding the claims in the Altman Action and the Arbitration;

WHEREAS, on July 20, 2005, Admiral filed a reply to the counterclaim denying that Admiral has any liability to the DCC Parties;

WHEREAS, on September 29, 2005, Admiral funded, subject to a reservation of rights, the full amount of an arbitration award issued in favor of the

1 Altmans (“Arbitration Award”) against the DCC Parties in connection with the
2 Altmans’ acceptance of an Offer for Judgment pursuant to FRCP Rule 68 that had
3 been served by counsel for the DCC Parties with Admiral’s consent;

4 WHEREAS, Admiral seeks to amend its Complaint to state a claim against
5 the DCC Parties for reimbursement of the amount Admiral paid to fund the
6 Arbitration Award;

7 WHEREAS, on October 18, 2005, counsel for Admiral circulated to counsel
8 for the DCC Parties a draft Proposed First Amended Complaint in the form
9 attached hereto as Exhibit “A”;

10 WHEREAS, on October 28, 2005, counsel for defendants advised counsel
11 for Admiral that the DCC Parties will enter into a stipulation for the filing of the
12 Proposed First Amended Complaint.

13 IT IS HEREBY STIPULATED by and between plaintiff and
14 counterdefendant Admiral and defendants and counterclaimants the DCC Parties,
15 through their respective counsel of record, as follows:

16 1. The [Proposed] First Amended Complaint attached hereto as Exhibit
17 “A” shall be deemed to be filed and served on the date the Order on this Stipulation
18 is entered by the Court.

19 2. The DCC Parties shall have twenty (20) days from the date the Order
20 on this Stipulation is entered to file and serve their response to the First Amended
21 Complaint.

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4 3. All dates set forth in the Scheduling Order issued on August 17, 2005
5 shall remain in effect.

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7 Dated: November __, 2005 CHARLSTON, REVICH & CHAMBERLIN, LLP
8 ROBERT D. HOFFMAN

9 By:

10 Robert D. Hoffman
11 Attorneys for Plaintiff and Counterdefendant
12 Admiral Insurance Company

13 Dated: November __, 2005 DEMPSEY & JOHNSON, P.C.

14 By:

15 Stephen C. Johnson
16 Attorneys for Defendants and counsel for
17 J Dale Debber, Lorna Martin, Data Control
18 Corporation, Aristos Academy, Compline LLC,
19 Providence Publications, LLC, Real Consulting &
20 Software Development LLC and Debber Family
21 Foundation

22 ORDER

23 Based upon the Stipulation of the parties, as set forth above, and good cause
24 appearing therefor,

25 IT IS HEREBY ORDERED that plaintiff Admiral Insurance Company's
26 First Amended Complaint attached as Exhibit "A" to the Stipulation shall be
27 deemed filed and served as of this date pursuant to the terms and conditions set
28 forth in said Stipulation.

Dated: November 14, 2005

/s/ Frank C. Damrell Jr.
UNITED STATES DISTRICT COURT JUDGE